

Message Text

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42

ACTION EUR-12

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: (A) NAPLES 309; (B) NAPLES 267; (C) NAPLES 099

BEGIN SUMMARY: PERIOD MARCH 27-APRIL 11 MARKED BY: FURTHER STEPS OF RICHARDSON-MERRELL TOWARDS SALE OF FIRM; SPORADIC LABOR AGITATION AT AMERICAN UNIFORM, MOBIL OIL, AND PITTSBURGH PLATE GLASS; SEEMING RELUCTANCE OF SPERRY SUD U.S.-MANAGEMENT TO APPROVE FUTURE PRODUCTION PLANS; AND, CONTINUED STALEMATE IN GENERAL INSTRUMENT PLANT VZZVPATION. END SUMMARY.

1. ACCORDING RICHARDSON-MERRELL (R-M) LOCAL PRESIDENT HERNANDEZ, FOLLOWING HIS MARCH 28 MEETING WITH FACTORY COUNCIL TO CONFIRM

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EMPLOYMENT GUARANTEES, WORKER AGITATION IN PLANT HAS DROPPED SHARPLY.

HERNANDEZ HAS PROCEEDED THIS WEEK WITH SERIES OF HIGH-LEVEL POLITICAL CONTACTS (REF A), INCLUDING MINISTERS FOR THE MEZZOGIORNO ANDREOTTI AND STATE PARTICIPATION BISAGLIA, TO GENERATE POLITICAL PRESSURES ON ANIC, PROSPECTIVE ITALIAN GOVERNMENT BUYER. UNDER-SECRETARY FOR MEZZOGIORNO COMPAGNA (PRI) AND EMBASSY INSTRUMENTAL IN ARRANGING APPOINTMENTS. HERNANDEZ INDICATES THAT R-M U.S.

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MANAGEMENT INCREASINGLY INTERESTED IN CONCLUDING SALE, AND NOW

INCLINED TO SWEETEN SALE PROPOSAL (POSSIBLY PERMITTING BUYER TO
MANUFACTURE MERRELL PHARMACEUTICAL LINE FOR THREE-TO-FIVE YEAR PERIOD
)

ANIC, ITSELF, HAS EVIDENCED GREATER INTEREST IN MOVING RAPIDLY ON
PURCHASE THAN HERNANDEZ HAD ANTICIPATED, AND ANIC PRESIDENT PAGANO
HAS REQUESTED MEETING WITH HERNANDEZ IN NAPLES, APRIL 14, WHICH
SHOULD REVEAL MORE CLEARLY ANIC'S INTENTIONS.

2. FOLLOWING PERIOD OF INCONCLUSIVE NEGOTIATIONS ON WAGE ISSUES,
WORKERS OF AMERICAN UNIFORM COMPANY (AVELLINO) CONDUCTED TWO-WEEK
STRIKE, MARCH 24-APRIL 4. MANAGEMENT FIRMNESS PREVAILED, WITH
WORKERS SETTLING FOR ONE-TIME 20.000 LIRE (\$32) PAYMENT. ACCORDING
TO LOCAL MANAGING DIRECTOR CALLAWAY, STRIKE HELPFUL TO MANAGEMENT BY
VCVVBNG INVENTORY BUILD-UP, BUT FIRM MAY STILL HAVE TO LAY OFF

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WORKERS IN MAY.

3. LABOR AGITATION CONTINUES AT MOBIL OIL (REF B), WITH INTERMITTENT
STRIKES FORCING COSTLY SHUTDOWNS. APRIL 8, STRIKING WORKERS TOOK
UNUSUAL (AND POTENTIALLY DANGEROUS) STEP TO BARRING EMERGENCY CREWS
FROM REFINERY. HOWEVER, PREVIOUS AGREEMENT BETWEEN MANAGEMENT AND
WORKERS, GUARANTEEING ACCESS FOR THESE CREWS, HAS BEEN RECONFIRMED.

4. IN OTHER DEVELOPMENTS: (A) PITTSBURGH PLATE GLASS WORKERS HAVE
CONDUCTED SERIES OF TWO-HOUR STRIKES TO PROTEST FIRM'S PLANS FOR
LAYOFFS (REF A); (B) SPERRY SUD LOCAL MANAGER ROSSI INFORMS THAT
APPROVAL OF PRODUCTION PLANS HE THOUGHT HE HAD OBTAINED DURING U.S.
VISIT (REF A) NOW DELAYED TWO MONTHS, PLACING HIM IN DIFFICULT
POSITION FOR MEETING WITH UNIONS IN LATE APRIL; AND (C) GENERAL
INSTRUMENT SITUATION REMAINS DEADLOCKED, WITH WORKERS CONTINUING TO
PRESS FOR GOVERNMENT INTERVENTION, AND MANAGEMENT ALTERING EUROPEAN
PRODUCTION PROGRAMS ON ASSUMPTION THAT NAPLES PLANT CLOSED
INDEFINITELY.

COMMENT: DIFFICULTIES OF AMERICAN SUBSIDIARIES STILL VERY MUCH WITH
US. HOWEVER, MANAGEMENT RESTRAINT, ABSENCE OF HEADLINE-MAKING
ACTION BY EMPLOYEES, AND INCREASINGLY EVIDENT DIFFICULTIES OF LOCAL
ITALIAN ENTERPRISES ARE CONTAINING CUMULATIVE IMPACT OF SUBSIDIARIES'

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ACTIONS. AS RESULT, WHILE OUR CONCERN REGARDING ADVERSE LOCAL
POLITICAL REACTION REMAINS, PRESENT SITUATION LESS DISTURBING THAN
THAT PREVAILING IN LATE JANUARY (REF C), AND COULD BE FURTHER
REFUSED BY SUCCESSFUL CONCLUSION OF RICHARDSON-MERRELL SALE
AGREEMENT. HOROWITZ

NOTE BY OC/T: MESSAGE AS RECEIVED.

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